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## FISCAL IMPACT REPORT

ORIGINAL DATE 1-20-06  
 SPONSOR Begaye LAST UPDATED 2/11/06 HB 13/aHLC  
 SHORT TITLE CYFD Child Care Worker Wage Support SB \_\_\_\_\_  
 ANALYST Lucero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$0.0	\$1,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB141, Relates to SB159  
 Duplicates/Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children, Youth and Family Department (CYFD)

### SUMMARY

#### Synopsis of HLHRC 13

The House Labor and Human Resources Committee amendment to HB013 amended page 1, line 21 after “workers”, insert” in rural or sparsely developed areas or in areas with a high rate of worker turnover or low income individuals”.

The amendment narrows where the funds may be expended in FY07 to rural or sparsely developed areas or areas with a high rate of worker turnover or low income individuals.

The 2005 General Appropriation Act equalized the reimbursement rates for childcare providers in urban and rural areas with \$1,500.0. The equalization was to expand efforts to improve the quality of child care through the Aim High program.

This bill conflicts with SB 141, which does not have this rural area restriction.

#### Synopsis of Original Bill

House Bill 13 appropriates \$1,000.0 from the GENERAL FUND to Children, Youth and Families Department for the purpose of developing a statewide supplemental wage support program

and benefit package for eligible child care workers and to implement the program on a phased-in-basis in selected counties as determined by the department.

### **FISCAL IMPLICATIONS**

The appropriation of \$1,000.0 contained in this bill is a RECURRING expense to the GENERAL FUND. Any unexpended or unencumbered balance remaining at the end of 2007 shall revert to the GENERAL FUND.

This appropriation was not included in the department's budget request and was not part of the executive recommendation.

The total cost of providing supplemental wage supports and benefits to child care workers is dependent upon the number of eligible child care workers and the magnitude of the individual supplement. The total cost would be determined during the development of a wage support and benefit program.

### **SIGNIFICANT ISSUES**

The legislature in 2005 issued House Memorial 22 to study the value and impact of providing supplemental wage support and benefits to child care workers, identify methods to finance such wage supports and benefits.

From the HM22 report:

The early care and education workforce is an integral part of the socio/emotional and school readiness development of young children. Their work in the early care and education industry enables parents to pursue employment and/or education opportunities that will allow them to grow both educationally and economically as citizens of New Mexico.

The value of recruiting and retaining a qualified early care and education workforce reaches far beyond the children who participate in the programs and goes to the value we place on ensuring that all children are given every opportunity to develop into well-adjusted, well-educated, highly productive members of society.

This bill does not differentiate amounts to be used for development versus implementation.

### **PERFORMANCE IMPLICATIONS**

CYFD believes the bill will positively impact improvement of the quality of childcare as reflected in the performance measures "Percent of movement through levels one through five of aim high", "Percent of children receiving state subsidy in Aim High/Stars child care programs of levels two, three, four and five or with national accreditation", and "Percent of licensed childcare providers with an increased level of quality."

### **ADMINISTRATIVE IMPLICATIONS**

CYFD will absorb any additional administrative costs.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates SB 141.

Related to SB 159, part 5 which proposes one million dollars (\$1,000.0) for wage supplements for early childhood teachers, based on the educational level that those teachers achieve.

## **TECHNICAL ISSUES**

The method for paying a wage supplement has not been fully developed. HM22 proposed a sample wage supplement schedule which is tied to educational achievement, experience, and low turnover. As an employee builds knowledge in early childhood development the wage supplement increases. An additional supplement is proposed for each year of experience the worker attains. Knowing that continuity in a child life is important, the wage supplement would also reward employees a premium for remaining employed in the same program. (sample supplement schedule attached)

HM22 identified several health benefit options including participating in the State Coverage Insurance (SCI) program with the state paying the SCI monthly premium, making the necessary changes to allow early care and education professionals to buy into the State employees insurance package, medical savings accounts. Other benefits such as dental and vision insurance, retirement benefits, life insurance and paid leave were discussed. The HM22 work group recommended additional study on how to increase the availability of these benefits.

HM22 suggested a statewide phased in implementation beginning with counties or communities around the State that currently do not receive significant funding for private early childhood programs.

## **OTHER SUBSTANTIVE ISSUES**

From the HM22 report:

The loss of teachers and directors in the early care and education workforce to other areas of employment has created a need to provide incentives, such as benefits and wages, broadly comparable to the positions the staff with similar educational backgrounds receive in other entities outside the early care and education industry. It is our belief that supplemental wages and other benefits not currently available to the early care and education workforce will provide an incentive for qualified employees to remain in their present positions.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

As stated in House Memorial 22, there is a shortage of child care professionals in the State and an even more severe shortage of professionally educated and trained early care and education professionals. Without a wage supplement benefits program, more staff will leave the industry leaving New Mexico's children in the care of substandard staff.

DL/mt

Attachment

**APPENDIX  
SAMPLE WAGE SUPPLEMENT SCHEDULE**

Education	Wage Supplement	Additional 2% for each year of experience	Additional 3% for each year of experience (if at same program)
45 Hr (entry level course for center staff) and 18 Hr (entry level course for FCCHPs) or one 3-credit EC course; or CCP or NAC for directors	\$100	\$2	\$3
At least 6 semester hours toward an AA in EC	\$200	\$4	\$6
At least 12 semester hours toward an AA in EC	\$300	\$6	\$9
At least 18 semester hours toward an AA in EC	\$400	\$8	\$12
At least 24 semester hours toward an AA in EC	\$500	\$10	\$15
AA in non related field plus 6 credit hours in EC, or 36 semester hours toward AA in EC, or 36 semester hours in related field plus a CDA	\$750	\$15	\$23
45 hrs toward AA in EC or 45 semester hours in related field plus at least 12 hours in EC toward AA in EC	\$1,000	\$20	\$30
AA in related field plus 15 semester hours in EC	\$1,500	\$30	\$45
AA in EC	\$2,000	\$40	\$60
Bachelor Degree in related field plus at least 90 semester hours toward BS in EC and at least 15 credit hours in EC	\$3,000	\$60	\$90
Bachelor Degree & licensure in Early Childhood Education	\$4,000	\$80	\$120

NOTES:

- The supplement would be for teachers and directors working in licensed early childhood programs at least 30 hours/week and earning \$16 an hour or less.
- Developmental Reading and Math classes count as courses required for degrees.
- Each year of experience garners a 2% increase in the supplement; the increase is 3% if the person stays in same program.
- An individual must be at the same program for 6 months to be eligible for the supplement.